

RESOLUTION NO. 06-07

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF CERTAIN DOCUMENTS AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT TO THE DEFEASANCE OF ITS BAY AREA TOLL AUTHORITY SAN FRANCISCO BAY AREA TOLL BRIDGE REVENUE BONDS

WHEREAS, the California Infrastructure and Economic Development Bank (the "I-Bank") has heretofore issued its: (a) California Infrastructure and Economic Development Bank Bay Area Toll Bridges Seismic Retrofit Revenue Bonds, Series 2003A First Lien Bonds (the "Bonds") pursuant to a Master Indenture of Trust and a First Supplemental Indenture of Trust, each dated as of August 1, 2003, and each by and between the I-Bank and the Treasurer of the State of California, as trustee (the "Trustee"), and (b) California Infrastructure and Economic Development Bank Bay Area Toll Bridges Seismic Retrofit Revenue Notes, Series 2005 Second Lien Commercial Paper Program (the "Notes" and, together with the Bonds, the "Obligations") pursuant to a Second Supplemental Indenture of Trust, dated as of March 1, 2005, by and between the I-Bank and the Trustee (together with the aforesaid Master Indenture of Trust and First Supplemental Indenture of Trust, the "Indentures"); and

WHEREAS, in order to assume responsibility for administering the seismic retrofit program for the toll bridges in the San Francisco Bay Area which are owned by the State of California (the "Seismic Retrofit Project"), including the administration of the seismic retrofit surcharge imposed pursuant to Section 31010 of the California Streets and Highways Code (the "Seismic Surcharge"), the Bay Area Toll Authority (the "Authority") wishes to cause the payment of the Notes at their maturity and the defeasance of the Bonds; and

WHEREAS, in furtherance of that objective, the Authority will deposit with U.S. Bank National Association, as the Paying Agent for the Notes, an amount sufficient to pay the Notes on their respective maturity dates and will issue bonds to provide funds to the California Department of Transportation ("Department") which in turn will pay such money to the I-Bank for deposit with Deutsche Bank National Trust Company, as escrow agent (the "Escrow Agent"), pursuant to an agreement between the I-Bank and the Escrow Agent (the "Escrow Agreement"), which will provide for the application of said funds and the investment earnings therefrom to the payment of the Bonds; and

WHEREAS, the amount to be so deposited with the Escrow Agent will be sufficient, together with funds on deposit with the Trustee and available for such purpose and investment earnings on all such amounts, to effect the defeasance of the outstanding Bonds; and

WHEREAS, the Authority has provided the I-Bank and Department with a written request pursuant to Section 30961(d) of the California Streets and Highways Code to take all actions necessary or appropriate to promptly establish that the Obligations are no longer

outstanding (as defined in the Indentures) and to effect the consolidation of toll revenues in accordance with Section 188.6 of the California Streets and Highways Code; and

WHEREAS, the I-Bank staff, Public Resources Advisory Group ("PRAG") as investment advisor, Stradling Yocca Carlson & Rauth ("Bond Counsel") and the Authority have determined that the cost savings for using open market securities bid in multiple tranches (as opposed to using State and Local Government Securities or open market securities bid on an all or none basis) may be sufficient to overcome the risks of both IRS scrutiny and non-delivery of the escrow securities and that therefore within certain parameters the Executive Director should be delegated the authority to determine these matters based upon prevailing market conditions at the time securities are purchased for the escrow; and

WHEREAS, in connection with the foregoing, there are on file with the Secretary of the I-Bank (the "Secretary"): (a) a Defeasance Cooperation Agreement by and among the I-Bank, the Trustee, the Department and the Authority (the "Defeasance Cooperation Agreement"), (b) the Escrow Agreement, (c) a second amendment to the Financing Agreement between the Department and the I-Bank, and (d) an Indemnification Agreement by and among the Authority, the I-Bank, the Trustee and the Escrow Agent (as defined below) (the "Indemnification Agreement" and, together with the Defeasance Cooperation Agreement, the second amendment to the Financing Agreement and the Escrow Agreement, the "Agreements"); and

WHEREAS, approval of the terms of the Agreements and delegation of authority to the Executive Director is now sought;

NOW, THEREFORE, BE IT RESOLVED by the I-Bank as follows:

Section 1. The proposed forms of the Agreements on file with the Secretary are hereby approved. The Executive Director and the Chair of the I-Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized and directed, for and on behalf and in the name of the I-Bank, to execute the Agreements, by manual or facsimile signature, and deliver them to the respective other parties thereto, and the Secretary is authorized to attest thereto, the Agreements as so executed to be in substantially the forms on file with the Secretary with such insertions and changes therein as the officers executing the same, with the advice of the I-Bank's counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Executive Director is authorized to amend any of the Agreements to shift the responsibility for indemnifying the I-Bank, the Trustee and the Escrow Agent or paying for that indemnity, in a manner different than is specified in the Agreements, but the Executive Director is not authorized to allow the I-Bank to except either a more limited scope of indemnity or a more limited source of funding for that indemnity than specified in the form of Agreements on file with the Secretary.

Section 2. Deutsche Bank National Trust Company is hereby appointed as the Paying Agent for the Bonds under and pursuant to the Master Indenture of Trust and as the Escrow Agent under and pursuant to the Escrow Agreement (collectively, the "Escrow Agent").

Section 3. The Executive Director is hereby authorized and directed, for and on behalf and in the name of the I-Bank to determine the specifics of any bidding requirements used to purchase the escrow securities, including the use of multiple tranche bidding or an all or none bid process and to purchase open-market securities ("OMS") for the escrow instead of State and Local Government Securities ("SLGS") for any tranche if the State Treasurer's Office as agent of sale and the Authority agree. No OMS shall be purchased unless the Executive Director finds, based upon assurances provided by Bond Counsel, that all IRS requirements have been complied with and assurances from PRAG that risks of non-delivery have been adequately mitigated. An exception to this requirement is that if at the time the escrow securities are purchased SLGS are not available for sale, than OMS shall be purchased. .

Section 4. All actions heretofore taken by the officials and agents of the I-Bank with respect to the defeasance of the Obligations and the retirement of the Notes are hereby approved, confirmed and ratified, and the Executive Director is hereby authorized and directed to do any and all things and to execute and deliver any and all notices, certificates and documents that they or Bond Counsel may deem necessary or advisable in order to consummate the defeasance of the Bonds, the retirement of the Notes, and otherwise to effectuate the purposes of this resolution.

Section 5. This resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on February 28, 2006, by the following vote:

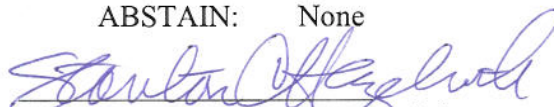
AYES: McPeak, Lujano, Sheehan, Valverde

NAYS: None

ABSENT: None

ABSTAIN: None

By:


Stanton C. Hazelroth, Executive Director

Attest:

By:


Blake Fowler, Secretary